Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

I T   P R O J E C T   E V A L U A T I O N

SECTION I: PROPOSAL

Date: June, 15, 2001

Agency Name: Department of Human Services

Project Name: HIPAA for Medicaid Systems

Expenditure Name: Project

Agency Manager: Mary Tavegia

Agency Manager Phone Number / E-mail: 281-7265, mtavegia@dhs.state.ia.us

Executive Sponsor (Agency Director or Designee): Dennis Headlee, Division Administrator, Division of Medical Services

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. <u>If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request.</u> Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation: None - this expenditure is for greater than $100,000

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? ☒**YES** (If "YES," explain) ☐ **NO**

Explanation: The Kassebaum-Kennedy Health Insurance Portability and Accountability Act (HIPAA) of 1996 was signed into law on August 21, 1996. It requires compliance with Federal regulations concerning administrative simplification, privacy and security. Each of these regulations will require changes to Medicaid related systems.

Is this project or expenditure required by State statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Does this project or expenditure meet a health, safety or security requirement?
☒**YES** (If "YES," explain) ☐ **NO**

> **Explanation:** This project will allow for Medicaid payment for approximately 234,000 average monthly clients. It will safeguard health data for clients as well as tracking and informing clients of releases of individual health data.

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☐ **YES** (If "YES," explain) ☒ **NO**

> **Explanation:**

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain) ☐ **NO**

> **Explanation:** This change allows the Department to meet changes in payment for health needs, privacy of health data needs and have more consistent data toward the results of safe, stable, healthy, and self sufficient Iowans.

Is this a "research and development" project or expenditure? ☐ **YES** (If "YES," explain) ☒ **NO**

> **Explanation:**

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response:

A. Pre-Project description: The intent of HIPAA is to improve the efficiency and effectiveness of the healthcare system by encouraging the development of health information systems that utilize Electronic Data Interchange (EDI) for the administrative and financial transactions specified. In addition, HIPAA requires the use of national transaction standards when performing these business transactions between organizations electronically. HIPAA provides additional requirements concerning privacy and security concerning electronic transactions and privacy of health data. The organizations affected are all state agencies who process Medicaid data, and providers (institutions and private organizations), who provide client data and billing as well as all the health care industry. It further requires that all parties using these transactions for healthcare follow the guidelines established by national implementation guides. The HealthCare Finance Administration (HCFA) is administering HIPAA at the Federal level has just released the final federal regulations requiring the states to comply with HIPAA. The Department of Human Services completed an initial assessment of the HIPAA requirements in SFY 2001. This assessment indicated that HIPAA will affect all systems in the Department of Human Services that deal with eligibility and payments and the Fiscal Agent. The remediation of our medical systems will be accomplished with a 90% Federal match. Thus, this project requires the 10% state funds from the pooled technology funds to complete.

B. Post-Project description: This request represents SFY 2003 funding to meet federal requirements for HIPAA requirements which were scheduled to begin during SFY 2001 and be completed by the end of SFY 2003.

    Support project planning and project management required to implement federal requirements.

    Support application remediation and system programming; increased tracking for claim payment and release of identifiable health care information; and to take advantage of improvements in technology.

Results that will be achieved with this funding include:

-- Complete and accurate federal data reporting.

    New HIPAA requirements.

-- Failure to comply with HIPAA requirements can result in up to $25,000 per person, annually in addition to civil penalties.

The regulations concerning administrative simplification (transactions) and privacy have just been completed (the security guidelines have not been finalized to date). HIPAA is a massive national undertaking that affects all health care payment sources, including but not limited to Medicaid. National procedure, provider, and individual identifier codes will be established, and even the claim form will be standardized nationwide. In order to comply we will need to change the codes we use to pay Medicaid claims. The new codes will require an extra space for information because the code is longer for provider numbers. This will also cause need for more electronic storage. New codes will have to be cross-referenced to old codes and a method of storing this cross-reference will have to be maintained. Security requirements are also very stringent, and the Department will have to come into compliance if our current procedures do not meet the new standards. There are penalties specifically related to failure to comply with security standards. Compliance with HIPAA will require significant re-programming of both DHS and fiscal agent systems.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response:
Justification for funding request:
   This funding supports and is necessary for the continued ongoing, long-term operation of our programs.
   Federal and state law changes and changing federal regulations require technology enhancements on an ongoing basis.
   Improving work processes will improve the quality and accuracy of services to consumers, thereby increasing
      customer satisfaction, and avoiding future federal error rate sanctions.
   State match is required to receive federal matching assistance in Medicaid programs.
   This funding supports the Department's goal to encourage stable, self-sufficient, healthy and safe families.

Fiscal consequences of not funding technology:
   State match is required to receive federal matching funds in the Medicaid programs. Every state dollar lost will
      result in loss of one or more federal dollar (in fact up to 9 Federal dollars per one state dollar).
   Failure to comply with HIPAA requirements can result in loss of FFP of as much as 90% and penalties up to $25,000
   per person annually in addition to civil penalties.
    Inability to pay providers in the manner required by Federal law.

Other consequences of not funding technology:
   Consumers will not have the full protection for privacy issues.
   Line staff will not have the technology support to implement federal or state requirements. Staff will have to
      manually process, track and report data for federal purposes or to monitor the effect of new policies.
   The Department and policy makers will not have data to use for program administration and evaluation.

3. Identify the main project or expenditure stakeholders and summarize the extent to which each,
   especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect
   Iowans to State government.

Response:
The project stakeholders are:
External Customers
   This technology will support programs that provide benefits and/or services annually to approximately 234,000
      (average monthly) individuals who receive Medicaid. : Ultimately, Medicaid clients can expect to benefit from
improvements in the availability and portability of health coverage through the implemenatation of this technology.
Also, HIPAA Privacy Standards are required as part of the technology to protect the privacy of individually identifiable
health information. Failure to implement Privacy Standards may result in client complaints against the Iowa State
Medicaid program for failure to meet compliance of the HIPAA regulation.
   Legislators and policy makers will have access to data needed to make decisions.
   Fiscal Agent monitors and pays Medicaid claims to providers and for clients.
   Approximately 35,000 providers whose electronic claims we must accept. It is possible that if Medicaid does not pay
bills electronically, the providers may withdraw their services to the Medicaid clients in Iowa. The providers may just
bill the client in frustration thus cutting off medical care to the client.
   Health Maintenance Organizations - HMOs are required to meet HIPAA standards relative to enrollment data,
therefore formats will be changed accordingly. Technology is necessary to enable acceptance/exchange of HMO
enrollment data in a timely manner.

Internal Customers
   700 Department of Human Services line staff using the systems daily as a basic function of their jobs.
   Department of Human Service management staff making decisions based on the data.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1**.** Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Response: No response required.

2. Organization Skills:
   - a. List the project management skills necessary for successful project implementation
   - b. List the project management skills available within the agency
   - c. List the source(s) of project management skills lacking within the agency
   - d. Summarize relevant agency project management experience and results

> **Response:**
>
> a. Project Management skills are required to plan, coordinate, and monitor the progress toward HIPAA compliance both with the state and fiscal agent's systems. Sub-contract management may also be necessary, because the project may be split into several sub-projects/phases and be handled by multiple sub-contractors.
>
> b. The Project Management skills available in the agency are modest at this time and probably not adequate for this project.
>
> c. . Sources of project management skills are:
> - Consultants or
> - Internal state staff
>
> d. Our agency has some project management capability, but no real experience in managing a complex IT development and deployment as this project. Outside oversight would be the most practical.

B. Project Information

1. History:
   - a. Is this project the first part of a future, larger project? If so, please explain.
   - b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

> **Response:**
>
> a. This project is a single project with no planned future stages. However, it might take more than one fiscal year to complete it based upon the final security regulations.
>
> b. This project is a new project dictated by Federal regulations

2. Expectations: Describe the primary purpose or reason for the project.

Response: Technology is a significant support to the Department's goal to support stable, self-sufficient, healthy and safe families. Strategies and initiatives to support this goal include:
    Increased capability to exchange data as required.
    Improved capability to manage privacy and security issues concerning client information.
    Increased access to health care for low-income children.

 More direct goals that will be met with this funding include:
    More efficient, effective implementation of changes so that customer satisfaction is enhanced.
    To improve program accuracy and avoid federal sanctions.
    To meet federal data reporting requirements.

 Benefits that will be result from this funding include:
    Efficient, effective implementation of changes resulting in improved customer service.
    Improved program accuracy and avoidance of federal sanctions.
    Meet federal data reporting requirements.

3.   <u>Measures</u>: Describe the criteria that will be used to determine if the project is successful.

Response:
-- Federal data reporting requirements will be met so that no federal sanctions are incurred.
-- All Federal requirements will be met.
-- Efficient work processes will be implemented and readily accessible data will be available.
--Capable of interfacing with the providers' systems.

4.   <u>Environment</u>: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: The following will have input into the development of all projects:
-- Department of Human Services policy staff.
-- Department of Human Services data management staff.
-- Department of Human Services line staff.
-- Department of Human Service management staff.
-- Clients for privacy and security changes
-- Providers
-- Provider Associations
-- Trading partners

5.   Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: Since this project will contain a variety of efforts, each will be for priority, timeliness, staffing and any other areas of concern for project delivery. A senior level Sponsor team will be established to provide executive oversight to the project. Each component will be monitored through project control for the detail portions. Reviews will assess if the project is on schedule, if requirements have changed, and how we are progressing against the budget.   If DHS does not implement HIPAA, we will be violation of federal law with risk of penalites from HCFA.. Also, there may be lawsuits from providers who expect compliance. Non compliance could mean that providers could refuse to serve clients when Medicaid does not pay the bills thus health care needs of clients would not be met.

6.   Security / Data Integrity / Data Accuracy / Information Privacy
       a. List the security requirements of the project
       b. Describe how the security requirements will be integrated into the project and tested
       c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response: The data within these applications is considered confidential and bound by confidentiality/non-disclosure laws. Security is ensured at multiple levels and by multiple methods. RACF security and internal application security is used on the mainframe applications. For the Client Server applications, NT Authentication, SQL Authentication, and internal application security is used. All data elements are secured within their environment and data accuracy and integrity is ensured by application edits.

7.   Project Schedule
       Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: Since this project will contain a variety of efforts, each will be for priority, timeliness, staffing and any other areas of concern for project delivery. A senior level Sponsor team will be established to provide executive oversight to the project. Each component will be monitored through project control for the detail portions. Reviews will assess if the project is on schedule, if requirements have changed, and how we are progressing against the budget.

More specifically, we would like to accomplish the following:
 -- Translator development/purchase and installation for transaction processing by end of SFY 2003.
 -- Privacy issues completed by end of SFY 2003.
 -- Security issues completed by end of SFY 2004 (if not sooner).

SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment

  1. Software (Client Side / Server Side / Midrange / Mainframe):
     a. Application software
     b. Operating system software
     c. Major interfaces to other systems, both internal and external

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Response:

a. Application software covers a wide variety depending upon the systems solution. Our current environment includes:
Client Side –
Microsoft Products including, but not limited to: Visual Studio 6.0, MS Project 98, MS Office Suite Professional, MS Front Page 98, MS SQL 6.5 & 7.0, etc.
MicroFocus Products including, but not limited to: Net Express 3.0, Revolve, etc.
EDA Products including, but not limited to: EDA Client, EDA ODBC Extender, etc.
CA Products including, but not limited to: CA Server ODBC Drivers
Visio 5.0 & 2000
JavaScript
VB Script
PowerDesigner 6.0
Paint Shop Pro 6.0
Marshallsoft SEECB4

Server Side –
Microsoft Products including, but not limited to: MS SQL 6.5 & 7.0, MS Exchange, IIS, etc.
EDA Products including, but not limited to: EDA Client, EDA ODBC Extender, etc.
Active Server Pages
REXEC Daemon
FTP

Mainframe –
IBM Products including, but not limited to: TSO, CICS, PanValet, etc.
CA Products including, but not limited to: IDMS, Culprit, etc.
SyncSort
VSAM
COBOL

b. Operating system Software includes:
Client Side- MS Windows 95/98/2000/NT
Mainframe - MVS, etc.

c. Major interfaces are the agency's Fiscal Agent MMIS system (external), DHS MMIS system (internal) and the electronic billing systems of various providers across the state.

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  2. Hardware (Client Side / Server Side / Mid-range / Mainframe):
     a. Platform, operating system
     b. Storage and physical environment
     c. Connectivity and bandwidth
     d. Logical and physical connectivity
     e. Major interfaces to other systems, both internal and external

I P R O J E C T E V A L U A T I O N

Response:
a. Platform, operating system

Developer Environment

Make/Model	Quantity	CPU	Operating System
Compaq DeskPro	9	200	Windows 95
Gateway 2000	5	200	Windows 95
Gateway E3000	4	200	Windows 95
Gateway E3200	3	350	Windows 95
Gateway E4200	10	350	Windows 95
Gateway E4200	5	500	Windows 95
NEC Powermate 8100	11	350	Windows 95
NEC Powermate Enterprise	16	233	Windows 95
Gateway E-4200	10	700	Windows 95

LAN Environment

Quantity	CPU	RAM	Hard Disk Space	Operating System	Function/Description	Associated Software	Communication Requirements
1	266	128MB	13GB	Windows NT	File/Print Services	NT	T1
1	200	2GB	20GB	Windows NT	SQL Server 6.5	NT, SQL	100MB
1	200	1GB	21GB	Windows NT	SQL Server 6.5	NT, SQL	100MB
1	266	128MB	13GB	Windows NT	File/Print Services	NT	T1
2	200	1GB	25GB	Windows NT	File/Print Services	NT, FACS & Star	100MB
4	549	1GB	27GB	Windows NT	SQL Server 7.0 Test & Prod	NT, SQL	100MB
1	399	1GB	44GB	Windows NT	SQL Server 7.0 Test & Prod	NT, SQL	100MB
2	200	64MB	8GB	Windows NT	Imaging	NT, Eastman Imaging	100MB
1	200	256MB	12GB	Windows NT	Imaging	NT, Eastman Imaging	100MB
1	200	196MB	12GB	Windows NT	WINS	NT	100MB
4	200	128MB	12GB	Windows NT	Imaging	NT, Eastman Imaging	T1
1	200	128MB	16GB	Windows NT	Intranet FACS	NT, FACS, IIS	100MB
1	200	128MB	4GB	Windows NT	Imaging	NT, Eastman Imaging	T1
1	497	512MB	50GB	Windows NT	Exchange Server	NT, Microsoft Exchange	100MB
1	266	512MB	13GB	Windows NT	Network Monitoring Server	NT, HP Openview	1
1	266	32MB	5GB	Windows NT	File/Print Services	NT	T1
1	266	256MB	13GB	Windows NT	Technet, Network Adm, File	NT	100MB
2	266	128MB	12GB	Windows NT	HelpDesk Software/SMS	NT, SupportMagic, SMS	
143	266	128MB	13GB	Windows NT	File/Print Services	NT	T1
2	333	128MB	13GB	Windows NT	File/Print Services	NT	T1
1	333	128MB	14GB	Windows NT	Middleware Server	NT, IBI	100MB
1	200	128MB	14GB	Windows NT	Middleware Server	NT, IBI	100MB
1	266	128MB	14GB	Windows NT	File/Print Services	NT	100MB
1	333	128MB	25GB	Windows NT	Vipers	NT, Vipers	T1
1	399	104MB	44GB	Windows NT	Middleware Server	NT, IBI	100MB
2	266	128MB	13GB	Windows NT	File/Print Services	NT	T1
1	100	128MB	7GB	Windows NT	Admin Images	NT, Norton Ghost	100MB
1	266	128MB	13GB	Windows NT	HelpDesk Software	NT, SupportMagic	
2	500	2GB	19GB	Windows NT	Intranet Server	NT, IIS, Misc. Application	
2	500	1GB	17GB	Windows NT	Internet Server	NT, IIS, Misc. Application	100
7	500	128MB	18GB	Windows NT	Exchange Server	NT, Microsoft Exchange	100MB
1	450	104MB	26GB	Windows NT	Internet Test Server	NT, IIS, Misc. Application	

Mainframe Environment
IDM 9672R45   OS390   JES3

b. Storage and physical environment - see above list
c. Connectivity and bandwidth - see above list
d. Logical and physical connectivity -
e. Major interfaces - Fiscal Agent MMIS and DHS MMIS

B. Proposed Technology Environment

1. <u>Software (Client Side / Server side / Mid-range / Mainframe)</u>
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external
   d. General parameters if specific parameters are unknown or to be determined

> **Response:**
> a. Application software - Not yet determined because no vendor has been selected. The proposal will be evaluated for compatibility with our environment and standardization within the industry.
>
> b. Operating system software - Not yet determined because no vendor has been selected. The proposal will be evaluated for compatibility with our environment and standardization within the industry.
>
> c. Major interfaces must consider the agency's Fiscal Agent MMIS system (external), DHS MMIS system (internal) and the electronic billing systems of various providers across the state.
>
> d. The solution must conform to the requirements of standardization/simplification, privacy and security dictated by the Federal Government in the HIPAA regulations.

2. <u>Hardware (Client Side / Server Side / Mid-range / Mainframe)</u>
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and Bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external
   f. General parameters if specific parameters are unknown or to be determined

> **Response:**   Not known at this time

C. Data Elements
If the project creates a new database, provide a description of the data elements.

> **Response:**   This is included in the HIPAA Assessment study accomplished in SFY 2000. There may not necessarily be a new database created but modifications (new elements, expanded elements) could be created.

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right)\times\%\ State\ Share\right]+\left(Annual\ Ongoing\ Cost\times\%\ State\ Share\right)=Annual\ \Pr orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost	% State Share	Annual Prorated Cost

				(After 1st Year)		
Agency Staff	$1,780,000	10	24%	$110,000	28%	$73,520
Software	$750,000	8	25%	$0	25%	$23,438
Hardware	$0	5	10%	$0	25%	$0
Training	$0	5	10%	$0	25%	$0
Facilities	$0	10	10%	$0	25%	$0
Professional Services	$30,400,000	8	14%	$	50%	$532,000
ITD Services	$0	4	10%	$0	25%	$0
Supplies, Maint, etc.	$0	1	10%	$0	25%	$0
Other (Specify)	$0	1	10%	$0	25%	$0
Totals	$32,180,000	-------	-------	$3,400,000	------	$628,958

Transfer this amount to the ROI Financial Worksheet, item "D" on page 15.
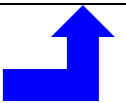
B. Funding: **Enter data or provide response as requested**

1. This is (pick one): ☒ A Pooled Technology Fund or Reengineering Fund Request
    ☐ An Agency IT Expenditure or Budget Request (General Fund, Road
    Funds, etc)
    ☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$325,740	1%	$385,000	7%	$116,000	3%
Pooled Tech. Fund	$4,236,260	13%	$1,246,000	22%	$1,120,000	33%
Federal Funds	$27618000	86%	$4,064,000	71%	$2,164,000	64%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	%	$	%	$	%
Total Project Cost	$32180000	100%	$5,695,000	100%	$3,400,000	100%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

> **Response:**   For this particular project, no prior years funds were expended. A separate project, HIPAA
> Assessment, was conducted in SFY 2001 for approximately $700,000.

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would
    be <u>absorbed</u> by your agency from normal operating budgets (all funding sources)?

> **Response:** $325,740

2. Identify, list, and quantify all <u>new annual ongoing</u> (maintenance, staffing, etc.) related costs (State
    $s) that will be incurred after implementation or expenditure.

> **Response:** $110,000 = 1/2 FTE from Policy (DMS) to monitor the on-going requirements of HIPAA and 1/2
> FTE from DDM to provide maintenance support of internal systems. There will be an on-going annual cost for
> maintenance of the fiscal agent's MMIS support as a separate contract - this has not been quantified yet.

C. ROI Financial Worksheet: **Respond to the following and transfer data to the ROI Financial
Worksheet (see IVC11) as necessary:**

1. Annual Pre-Project Cost – Quantify all <u>actual</u> state government direct and indirect costs
    (personnel, support, equipment, etc.) associated with the activity, system or process <u>prior to</u>
    project implementation. This section should be completed only if state government
    <u>operations</u> costs are expected to be reduced as a result of project implementation.

> **Response:**   N/A

2. Annual Post-Project Cost – Quantify all <u>estimated</u> State government direct and indirect costs associated with activity, system or process <u>after</u> project implementation. This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

> **Response: N/A**

3. State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

> **Response:**   N/A

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

> **Response:**   If there are no changes to the electronic billing, citizens may lose service providers, or in some cases citizens who can not afford to pay, will be billed for health services since providers cannot bill Medicaid in the manner the law allows.
>
> Under the privacy aspect, citizens will not be assured of the privacy and security of their data as required of most entities under federal law.

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual <u>non-operations </u>benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

> **Response:** If we do not meet the Federal requirements of HIPAA two possible consequences could occur:
> (1) Some of our Federal matching funds could be in jeopardy, because our MMIS is not in compliance.
> (2) We would incur Federal penalties as high as $25,000 per incident (234,000 clients) possible total of $5,850,000,000.
>
> Iowa Department of Human Services could draw down 90 % federal money with the needed HIPAA changes to the MMIS system (that would mean the changes necessary at the fiscal agent as well as the changes necessary at the state level for the enrollment of citizens into Health Maintenance organizations and capitated care.) Usually the Federal drawdown is 75% and in some cases 50% of the costs.
>
> See Section 1 – Proposal Summary – Project Benefits.

6.   Total Annual Project Benefit -- Add the values of all annual benefit categories.

> **Response:** See ROI Financial Worksheet.

7.   Total Annual Project Cost – It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related. Completing Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

> **Response:** See Section 3 – Project Budget.

8.   Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

> **Response:** See Section 3 – Project Budget

9.   ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

> **Response:** See Section 3 – Project Budget

10.   Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

> **Response:** See Section 1, Proposal Summary, Project Benefits – All are a level 10.

11. ROI Financial Worksheet

IT PROJECT EVALUATION

Annual Pre-Project Cost - How You Perform The Function(s) Now

FTE Cost (salary plus benefits):	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
A. Total Annual Pre-Project Cost:	$0

Annual Post-Project Cost – How You Propose to Perform the Function(s)

FTE Cost:	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
B. Total Annual Post-Project Cost:	$
State Government Benefit (= A-B):	$0

Annual Benefit Summary

State Government Benefit:	$
Citizen Benefit:	$
Opportunity Value or Risk/Loss Avoidance Benefit:	$5,850,000,000
C. Total Annual Project Benefit:	$5,850,000,000
D. Annual Prorated Cost (SECTION IV-A):	$628,958
Benefit / Cost Ratio: (C / D) =	9,301
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =	**138,787%**

☒ **Benefits Not Readily Quantifiable**

Section V: ITC Project Evaluation Criteria

<table>
<tr><th colspan="2">Criteria and Location in Project Evaluation Document</th><th>Points</th></tr>
<tr><td>1.</td><td>Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards?
Location: Section I-A</td><td>**15**</td></tr>
<tr><td>2.</td><td>Will the project improve customer service?
Location: Section I-B.2</td><td>**15**</td></tr>
<tr><td>3.</td><td>Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans?
Location: Section I-B.3</td><td>**10**</td></tr>
<tr><td>4.</td><td>Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income?
Location: Section IV-C</td><td>**10**</td></tr>
<tr><td>5.</td><td>Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans?
Location: Section I-B.1</td><td>**10**</td></tr>
<tr><td>6.</td><td>Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs.
Location: Section II-B.5</td><td>**10**</td></tr>
<tr><td>7.</td><td>Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy?
Location: Section II-B1, IVB2</td><td>**10**</td></tr>
<tr><td>8.</td><td>Will the project be for only one agency, multiple agencies, or the state government enterprise?
Location: Section I-B3, IIB4</td><td>**10**</td></tr>
<tr><td>9.</td><td>Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding)
Location: Section IV-B.2, IV-B.3</td><td>**5**</td></tr>
<tr><td>10.</td><td>What is the credibility of the requester based on past performance on other projects?
Location: Section II-A.2.d</td><td>**5**</td></tr>
<tr><td colspan="2" align="right">**Total**</td><td>**100**</td></tr>
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